

**BEFORE THE  
PUBLIC SERVICE COMMISSION OF WISCONSIN**

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Application of Wisconsin Energy Corporation for  
Approval to Acquire the Outstanding Common Stock of  
Integrus Energy Group, Inc.

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Docket No. 9400-YO-100

**SURREBUTTAL TESTIMONY OF STEVEN J. VOCK  
FOR JOBS4WI, INC.**

March 6, 2015

1   **Q.     Please state your name and business address.**

2   A.     My name is Steven J. Vock. My business address is Jobs4WI, c/o The Titus Group, 1200  
3         N. Mayfair Road, Suite 270, Milwaukee, Wisconsin 53226.

4   **Q.     Are you the same Steven J. Vock who submitted direct and rebuttal testimony in**  
5         **this proceeding?**

6   A.     Yes, I am.

7   **Q.     What is the purpose of your surrebuttal testimony?**

8   A.     I am responding to the rebuttal testimony submitted by Ms. Kettle of the PSCW staff and  
9         Mr. Hahn of CUB on issues concerning the write-off of transmission deferral balances  
10        and to Ms. Spanjar of the PSCW staff and Mr. Kollen of WIEG on the Michigan  
11        settlement.

12   **Q.     What is your response to other stakeholder rebuttal arguments regarding a**  
13         **potential write-off of transmission deferral balances as a method of providing a**  
14         **sufficient customer benefit?**

15   A.     Ms. Kettle of the Commission Staff proposes a write-off of the “old” transmission  
16         deferral balance of \$114 million (Rebuttal-PSC-Kettle-2-3) and CUB witness, Mr. Hahn,

1 proposes a write-off of the current transmission deferral balance of about \$353 million.

2 (Rebuttal-CUB-Hahn-4) I believe these amounts are an insufficient benefit to rate payers  
3 in light of the Applicants' own position that "the benefits of the transaction should exceed  
4 the costs and risks." (Rebuttal-WEC-Reed-6)

5 If this transaction is approved, ratepayers will assume a variety of risks that do not  
6 currently exist, including the risk of higher utility rates, (Direct-Jobs4WI-Vock-4, 6, 13) a  
7 credit rating downgrade, (Direct-CUB-Hahn-13-14) higher capital costs, (Direct-PSC-  
8 O'Donnell-37) and a materially reduced diversity in the portfolio of independent utilities.  
9 (Direct-Jobs4WI-Vock-3-5) To elaborate on this last point, ratepayers will assume  
10 additional risk because the PSCW will have a smaller portfolio of independent utility  
11 management teams and therefore, a smaller array of initiatives from which to regulate.  
12 These risks must be offset with material, substantial, measureable and real ("concrete")  
13 benefits.

14 Based on my interpretation (Rebuttal-Jobs4WI-Vock-2) and the Applicants'  
15 interpretation (Rebuttal-WEC-Reed-6) of Wisconsin Statute 196.795(3), the benefits  
16 provided must exceed the imposed risks in order to ensure customers will be better off  
17 with the merger. Consistent with my direct testimony, the entire transmission deferral of  
18 approximately \$500 million through 2016 should be written off by WEPCO to satisfy this  
19 statutory requirement. (Direct-Jobs4WI-Vock-17)

20 Requiring WEPCO to write-off all transmission deferrals presents an opportunity  
21 for the PSCW to produce a material and concrete ratepayer benefit consistent with  
22 Wisconsin law without, according to Mr. Hahn, impacting the Applicants' equity or cash.  
23 (Rebuttal-CUB-Hahn-4)

1           A write-off of all deferred transmission costs would eliminate a future rate  
2           increase in return for imposing these risks on customers. Without this full write-off, this  
3           transaction would impose risks on ratepayer that far exceed the benefits and would  
4           prevent the transaction from being in the ratepayer's "best interest." Therefore, I  
5           disagree with the size of the write-offs these other stakeholders propose and repeat my  
6           recommendation that the Commission should require a write-off of all transmission  
7           deferrals through 2016.

8   **Q.    What is your response to the rebuttal testimony of Commission staff witness Ms.**  
9   **Spanjar and WIEG witness Mr. Kollen on the Michigan settlement?**

10   A.       The testimony of Ms. Spanjar and Mr. Kollen is supported by access to  
11           confidential information and provides a clearer view of the Applicants' intentions. I  
12           support separating Michigan and Wisconsin utilities, including a physical and financial  
13           separation of WI and MI distribution systems, which apparently is not part of the  
14           Applicants' current vision. (PSCW-25.23) I believe a complete untangling is in the best  
15           interest of Wisconsin's public and ratepayers, as long as Michigan and Michigan  
16           ratepayers remain fully accountable for their liabilities.

17           PIPP exists solely for the benefit of Michigan ratepayers, providing no benefit to  
18           Wisconsin ratepayers. As argued by WIEG witness Mr. Kollen, (Rebuttal-WIEG-  
19           Kollen-11-12) any liability resulting from the sale of PIPP at less than book value is a  
20           consequence of the Applicants' proposed transaction, should be considered a transaction  
21           cost and should not be subsidized by Wisconsin ratepayers.

22           Therefore, I agree with the recommendations of Ms. Spanjar and Mr. Kollen and  
23           believe it is important to expand the scope of any added condition to cover the entire

1 Michigan transaction, including the distribution system. The Commission should require,  
2 as a condition of the transaction, that any costs; including losses, expenses and write-offs  
3 associated with the sale of PIPP and the Michigan distribution assets be considered  
4 transaction costs, assigned to the holding company and not recovered from Wisconsin  
5 ratepayers.

6 **Q. Would you like to add any additional positions based on Ms. Spanjar's testimony?**

7 A. Yes. Ms. Spanjar's testimony has convinced me to support the "most favored  
8 nation" recommendations made by Commission staff, CUB and WIEG. Ms. Spanjar  
9 pointed out that Cloverland Electric Cooperative claims it has first right to WEPCO's MI  
10 distribution assets. (Rebuttal-PSC-Spanjar-3) This raises concerns about the Applicants'  
11 future deal-making in Michigan and other jurisdictions; and the potential for this deal-  
12 making to continue and "heat up" after this Commission rules on this docket, potentially  
13 negatively impacting Wisconsin ratepayers.

14 Wisconsin ratepayers should not be disadvantaged because of the sequence of  
15 jurisdictional approvals and the Commission should include wording in their final ruling  
16 reserving the right to reopen this docket and adjust the final ruling to ensure that any  
17 decisions made in another jurisdiction do not penalize Wisconsin ratepayers or provide  
18 more favorable treatment to ratepayers in other jurisdictions.

19 **Q. Does this conclude your testimony?**

20 A. Yes it does.